

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

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FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC 332

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E.O. 11652: NA

TAGS: ETRD ECON PGOV SOCI

SUBJ: NEW DEVELOPMENTS ON CUSTOMS INVESTIGATION

REF: PAP 1516

1. LE MATIN ANNOUNCED ON JULY 25 THAT A LEBANESE/HAITIAN BUSINESS-MAN, HARRY BOUTROS, HAD JUST BEEN ARRESTED IN CONNECTION WITH THE CUSTOMS INVESTIGATION AND WOULD BE CHARGED WITH TWO COUNTS OF FRAUD. ACCORDING TO NEWSPAPER, HE FILED A FALSE DECLARATION (UNDER-REPORTING THE AMOUNT OF THREAD PER BALL OF YARN) WHICH WOULD HAVE SAVED HIM \$60,000 IN CUSTOMS DUTIES. THE NEWSPAPER ALSO CITED OTHER REPORTS RECEIVED BY THE EMBASSY TO THE EFFECT THAT THE INVESTIGATING TEAM IS GOING BEYOND THE EVENTS WHICH GAVE RISE TO THE SCANDAL, AND IS INSPECTING FILES FOR FALSE DECLARATIONS MADE IN THE PAST.

2. ALTHOUGH THE NEWS WILL ENCOURAGE THOSE WHO HOPE LATEST ANTI-CORRUPTION DRIVE WILL BE SUSTAINED, IT IS LIKELY TO RAISE NEW FEARS IN THE HAITIAN/LEBANESE BUSINESS COMMUNITY. FOR EXAMPLE, THE NEWSPAPER CLAIMS IT IS INVESTIGATING THE SCANDAL BECAUSE " FOR ONE REASON OR ANOTHER CERTAIN PEOPLE ARE ALWAYS CRYING ABOUT THE UNJUST, EXAGGERATED AND EXTREMIST ATTITUDES WHICH EXIST WITH RESPECT TO A CATEGORY OF MERCHANTS, WHILE THESE SAME PEOPLE HAVE NOTHING TO SAY IN DEFENSE OF THE CUSTOMS EMPLOYEES WHO HAVE BEEN CORRUPTED BY

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THESE BUSINESSMEN AND WHO ARE BEING HELD FOR QUESTIONING OR

TRIAL FOR COMPLICITY IN FRAUDS". THE NEWSPAPER ALSO NOTED THAT "CERTAIN FOREIGN BUSINESSMEN, OR MERCHANTS OF FOREIGN ORIGIN" ARE HURRING TO THE CUSTOMS HOUSE TO CHANGE THEIR CUSTOMS DECLARATION BEFORE INVESTI7589, -43 7,\$345-(3., CLAIMING THAT THE SHIPPERS HAVE MADE ERRORS.

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3. IN CLOSING LE MATIN RENDERED HOMAGE TO ITS FRIENDS (UNNAMED) AMONG THE ARAB COMMUNITY WHO ARE HONEST, SCRUPULOUS, AND HAVE NEVER BEEN ACCUSED OR QUESTIONED BY THE POLICE.

4. COMMENT. REPORTS FROM THE HAITIAN BUSINESS COMMUNITY INDICATE THAT BOUTROS HAS LONG BEEN SUSPECTED OF INVOLVEMENT IN THE CONTRA-BAND TRADE. LATEST RUMOR IS THAT HE TRIED TO PAY THE FINE FOR UNDER-DECLARATION BUT WAS ARRESTED ANYHOW. EVEN IF BOUTROS IS PROVEN GUILTY, GENERAL WARINESS OF MERCHANTS-MOST OF WHOM PRACTICE SOME DEGREE OF COLLUSION WITH FRAUDULENT CUSTOMS OFFICIALS-MAY HAVE DEPRESSING EFFECTS ON THE GENERAL ECONOMIC SITUATION, AT LEAST TEMPORARILY. THERE ARE RELIABLE REPORTS THAT AS A RESULT OF THE UNCERTAINTY AND FEAR AMONG MERCHANTS, NEW ORDERS HAVE FALLEN MORE SHARPLY THAN CAN BE JUSTIFIED BY ECONOMIC CONDITIONS. AS A RESULT, IN THE SHORT RUN, CUSTOMS REVENUE MAY DECLINE, TO THE DETRIMENT OF THE HAITIAN BUDGET, WHILE SHORTAGES OF GOODS ON THE LOCAL MARKET MAY GIVE A NEW IMPETUS TO THE RISING COST OF LIVING. IN THE LONGER RUN, HOWEVER, A THOROUGH INVESTIGATION OF CUSTOMS, FOLLOWED BY TRIALS AND/OR FPHES FOR THOSE DISCOVERED CHEATING, AND ACCOMPANIED BY SHIFT FROM PATRONAGE TO MERIT IN CUSTOMS RECRUITMENT CRITERIA, WILL DIRECTLY INCREASE GOVERNMENT REVENUE (PRESIDENT DUVALIER CLAIMS BY \$15 MILLION A YEAR), AND BEAR WITNESS TO THE PRESIDENT'S INTENTION OF CRACKING DOWN ON CORRUPTION AND INSTITUTING ADMINISTRATIVE AND PERSONNEL REFORMS.

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